Quintessential Resources Ltd

ACN 149 278 759

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

QUINTESSENTIAL RESOURCES LTD

ACN 149 278 759

CONTENTS

CORPORATE DIRECTORY

Chairman
Jay Stephenson

Managing Director
Paige McNeil

Non-Executive Director
Julia Beckett
(appointed on 5 December 2013)

Company Secretary
Jay Stephenson
(appointed on 30 July 2014)

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Stock Exchange Listing
Australian Stock Exchange Limited
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Perth, WA 6000

ASX Code: QRL

Share Registry
Computershare
Level 2
45 St Georges Terrace
Perth WA 6000

Auditors
Moore Stephens
Level 3, 12 St Georges Terrace
Perth WA 6000

Bankers
Westpac Business Banking
465 Scarborough Beach Road
Osborne Park WA 6047

Solicitors
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

DIRECTORS' REPORT

Your Directors present their financial report on the consolidated entity consisting of Quintessential Resources Ltd ("the Company") and its controlled entity ("the Group") for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

INFORMATION ABOUT THE DIRECTORS

The following persons were Directors of Quintessential Resources Ltd during the financial year and up to the date of this report:

Jay Stephenson	Non-Executive Chairman
Paige McNeil	Managing Director
Julia Beckett	Non-Executive Director (appointed on 5 December 2013)
Salam Malagun	Non-Executive Director (appointed on 27 May 2013 and resigned on 5 December 2013)

INFORMATION ON DIRECTORS

Directors and Experiences	Special Responsibilities	Particulars of Directors' interest in shares and options of Quintessential Resources Ltd – Ordinary Shares	Options
Jay Stephenson **MBA, FCPA, CMA, FCIS, MAICD** **Chairman** Mr Jay Stephenson holds a Master of Business Administration, is a Fellow Certified Practicing Accountant, a Certified Management Accountant (Canada), a Fellow of the Governance Institute of Australia and is a Member of the Australian Institute of Company Directors. Jay has been involved in business development for over 20 years including approximately 16 years as Director, Chief Financial Officer and Company Secretary for various listed and unlisted entities in resources, manufacturing, wine, hotels and property. He has been involved in business acquisitions, mergers, initial public offerings, capital raisings, business restructuring as well managing all areas of finance for companies. **Directorships held in other listed entities during the three years prior to the current year:** Drake Resources Limited (Since 2004) Doray Minerals Limited (Since 2009) Strategic Minerals Corporation NL (Since 2009) Nickelore Limited (Since 2011 to 2013) Parker Resources NL (Since 2011 to 2013) Bulletproof Group Limited (Formerly known as Spencer Resources Limited (Since 2011) Aura Energy Limited (Since 2005 to 2013)	Member of Audit, Nomination, and Remuneration Committees	963,500	2,000,000 Unlisted
Paige McNeil **BEd, GradDipEd, ACIS, GAICD** **Managing Director** Ms Paige McNeil holds a Bachelor of Education (1996), a Graduate Diploma in Training & Development (1999) a Graduate Diploma in Corporate Governance (2006), and is a Graduate of the Australian Institute of Company Directors (2008). Paige is an Associate of the Governance Institute of Australia and a recipient of a 40 under40 WA Business Award. Paige has been involved in the mineral exploration industry for 13 years including the past 6 years as Administration Manager and Company Secretary for various Australian and Canadian listed and unlisted companies. She has 8 years corporate administration and human resource experience in Papua New Guinea. **Directorships held in other listed entities during the three years prior to the current year:** None	Member of Audit, Nomination, and Remuneration Committees	21,143,573	4,000,000 Unlisted

INFORMATION ON DIRECTORS

Directors and Experiences	Special Responsibilities	Particulars of Directors' interest in shares and options of Quintessential Resources Ltd Ordinary Shares	Options
Julia Beckett **Non-Executive Director – 5 December 2013** Ms Julia Beckett holds a Certificate in Governance Practice and Administration and is a Certified Member of the Governance Institute of Australia. Julia is a Corporate Governance professional, having worked in corporate administration and compliance for the past 7 years, specializing in company secretarial services including ASX Listing Rules, Corporations Act, Corporation Governance policies, AGM, and EGM requirements. She has been involved in business acquisition, mergers, initial public offerings, capital raisings as well as statutory and financial reporting. Julia is currently Company Secretary of European Metals Holdings Limited, Joint Company Secretary of Parker Resources NL **Directorships held in other listed entities during the three years prior to the current year:** Blina Minerals NL	None	18,750	Nil
Salam Malagun, Age 56 **PhD M.Sc** **Non-Executive Director – Appointed on 27 May 2013 and resigned on 5 December 2013** Mr Malagun is a graduate from the University of Papua New Guinea (UPNG) BSc Hons (1981), James Cook University MSc (1986), Graduate Diploma in Geothermal Energy Technology (1990) and PhD (Applied Geology) from the University of Auckland (1996). Salam has accumulated 25 years of experience in mineral exploration with 13 of those on post graduate research. He has worked in many mineral deposits in Papua New Guinea including Porgera, Frieda River and the Simberi Gold deposit on which has PhD research contributed significantly to the establishment of a mining operation by Allied Gold. Salam possesses 20+ years of leadership and management experience at community and professional levels. He was the Chairman of School Board and Management (UPNG) Head of the Geology Department (UPNG) and served on various academic board committees. Salam is currently the Chairman of the Amell Community Development Fund. **Directorships held in other listed entities during the three years prior to the current year:** None	None	Nil	2,000,000 Unlisted

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCES

Jay Stephenson (Appointed on 30 July 2014)
Company Secretary

Refer to above for Jay Stephenson's experiences and qualifications.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during year ended 30 June 2014 (and the number each Director was entitled to attend) are as follows:

	Directors' Meetings		Audit, Remuneration and Nomination Committee	
	Eligible to attend	Attended	Number eligible to attend	Number eligible to attend
Jay Stephenson	2	2	-	-
Paige McNeil	2	2	-	-
Julia Beckett	2	2	-	-
Salam Malagun	2	-	-	-

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were exploration and evaluation of gold and copper projects in Papua New Guinea.

During the year, the Group also investigated a number of potential acquisitions of which the announcement of the proposed acquisition of Yonder and Beyond Limited. See Significant Events after the Reporting Date below.

RESULTS AND DIVIDENDS

The consolidated loss of the Group for the year ended 30 June 2014 amounted to $7,575,652 (2013: $1,518,504). There were no dividends paid or recommended during the financial year ended 30 June 2014.

FINANCIAL POSITION

The net liabilities of the Group as at 30 June 2014 is $66,797, decreased from a surplus of $8,892,716. The Group's working capital being current assets less current liabilities, decreased from a surplus of $78,578 to a deficiency of $94,108.

The deficiency is as a result of exploration written off. During the year, the Company has identified that there are tenements where no exploration program can be justified at this time therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has reviewed the contemplated impairment of $7,578,923 during the current year in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 18 February 2014, The Group has terminated the 50/50 Joint Venture with Frontier Resources Ltd on the island of New Britain, Papua New Guinea. The joint tenements have reverted 100% to the original holders.

No other significant changes in the nature of the Group's activities have occurred during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 24 July 2014, the Company signed an agreement to acquire 100% of the issued capital of the global technology incubation company Yonder & Beyond Ltd ("Y&B"). In consideration for the acquisition, the Company will issue:

(a) 569,548,872 fully paid ordinary shares in the capital of QRL ("shares") (on a pre-consolidation basis) to shareholders of Y&B for the acquisition of 100% of their shares;
(b) 1,500,000 options exercisable at $0.20 within 3 years of the date of issue (post-consolidation basis) to advisors of Y&B (Advisor Options") that currently hold identical options in Y&B. The advisors options are being issued as a like for like swap of the options in Y&B held by the Y&B advisors.
(c) 35,000,000 options to acquire shares , separated into three tranches to key management of Y&B. The Management Options will be issued on a post consolidation basis on identical terms to incentive management options currently held by the key management of Y&B
(d) 5,500,000 unlisted options exercisable at $0.20 within 3 years of the date of issue at a subscription price of $0.0001 per option (post consolidation basis), as follows:
- 2,250,000 options to advisors assisting with Post-Consolidation Capital Raising;
- 2,250,000 options as an introduction fee for the acquisition of Y&B; and
- 1,000,000 options as consultancy fees

SIGNIFICANT EVENTS AFTER THE REPORTING DATE (continued)

The acquisition of Y&B will result in significant change to the nature and scale of the Company's main business and is conditional on shareholder and all necessary regulatory approvals being obtained and completion of due diligence procedures by the Board. The transaction is also subject to successful completion of a capital raising of up to $8 million which Foster Stockbroking and Taylor Collinson have been appointed Joint Lead Manager. The transaction will also be subject to the company completing Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.'

On 30 July 2014, Mr. Jay Stephenson has been appointed as Company secretary.

On 7 August 2014, the Company announced non-renounceable entitlement issue of fully paid ordinary shares up to 31,403,262 at 1 cent per share on the basis of one (1) new share for every four (4) shares held. Subsequently on 22 August 2014, only 23,618,074 shares validly applied and raise up to $314,033.

On 8 August 2014, the Company entered into subscription agreements to place 18,842,000 shares at 1 cent per share to raise $188,420. The funds will be used for working capital purposes and expenses associated with the acquisition of Yonder and Beyond.

On 5 September 2014, the Company completed the shortfall via a placement of 7,785,245 ordinary shares following the recent non-renounceable entitlement issue of 31,403,262 new shares at an issue price of 1 cent per share.

There are no other matters arising subsequent to the end of the reporting date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group and the expected results of those operations in subsequent financial years are continued assessment and evaluation of the Papua New Guinea exploration licences.

In addition, Shareholders will be requested to vote on the acquisition of Yonder and Beyond. If shareholder approval is obtained, the Company will change direction to a global technology incubation Company.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its mineral exploration activities.

The Group has exploration and mining tenements in Papua New Guinea. The Group is not aware of any breach of environmental regulations during or since the end of the financial year.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current, nor subsequent, financial years. The Directors will reassess this position as and when the need arises.

REMUNERATION REPORT (Audited)

The information in this remuneration report has been audited as required by s308(3C) of the *Corporations Act 2001.* The Key Management Personnel ("KMP") for the Group are Jay Stephenson, Paige McNeil, Julia Beckett, Salam Malagun (resigned on 5 December 2013) and Joe Idigel.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive, based on a review of similar company remuneration policies, and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- attracts and retains high calibre executives;
- rewards capability and experience;
- reflects competitive reward for contribution to shareholder growth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

Relationship between remuneration, Group performance and shareholder wealth

Given that the remuneration is commercially reasonable / appropriate / benchmarked, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Since listing the Company has recorded losses as it carries out exploration activities on its tenements, and no dividend has been paid.

Relationship between remuneration, Group performance and shareholder wealth (continued)

Bonuses will be paid based on clarification on KMP performance not on financial performance at the discretionary of the Board. The practices of negotiation and annual review of Executive Directors' and KMP's performance and remuneration are carried out throughout the year, in an informal way by the Managing Director who makes recommendations to the Board. The Chairman of the Board who makes recommendations to the full Board undertakes, in an informal way, the review of the Managing Director's performance and remuneration.

The Board will meet at least annually or as required, usually on the anniversary date of each service agreement for the particular Director and/or KMP. At these meetings, the particular Director and/or KMP will declare his/her interest and not vote, and he/she will depart from the meeting, so as not to be present whilst the issue is being discussed

Non-Executive Directors
Fees and payments to Non-Executive Directors reflect their responsibilities and the demands placed on individual Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees
Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $250,000 per annum for Non-Executive Directors.

Retirement allowances for Directors
The Company provides no retirement allowances for Non-Executive Directors.

Executive and key management personnel pay
The key management personnel pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through Directors options (refer Remuneration Report); and

REMUNERATION REPORT (Audited)

- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits
Executives receive no benefits outside of the base pay, Directors and Officers insurance premium, options and superannuation disclosed in this report.

Retirement benefits
Other than statutory superannuation contributions, no retirement benefits are provided for executives except statutory entitlements.

Quintessential Resources Ltd Employee Option Plan
Information on the Quintessential Resources Ltd Employee Option Plan is set out in Remuneration Report. Directors may not participate in the Employee Option Plan. The Quintessential Resources Ltd Employee Option Plan does not remove the at risk aspect of options granted under the plan. The plan does not include any limitation of risk for option holders.

Performance Conditions
There are no performance conditions on remuneration other than options granted to Directors and those issued under the Employee Option Plan are not vested until the employee or Director have been with the Company for 12 months. Options are issued with an exercise price above the current share price to incentivise shareholder wealth. In addition, the Board may from time to time pay a cash bonus to employees in an informal way by the Managing Director who makes recommendations to the Board.

(a) Directors and Key Management Personnel

Names and positions held of Directors and Key Management Personnel ("KMP") in office at any time during the year are:

Jay Stephenson	Non-Executive Chairman and Company Secretary (appointed as company secretary on 30 July 2014)
Paige McNeil	Managing Director (resigned as company secretary on 30 July 2014)
Salam Malagun	Non-Executive Director (appointed on 27 May 2013 and resigned on 5 December 2013)
Julia Beckett	Non-Executive Director (appointed on 5 December 2013)
Joe Idigel	Other key management personnel

(b) Other key management personnel
Other key management personnel for the year ended 30 June 2014 includes a Director of the controlled entity Quintessential Resources PNG Limited, Mr Joe Idigel, who was appointed on 8 August 2011. Joe has direct authority and responsibility for planning, directing and controlling the activities of Quintessential Resources PNG Limited.

(c) Details of remunerations
Details of the nature and amount of each element of the emoluments of each of the key management personnel ("KMP") of the Group for the year ended 30 June 2014 and 30 June 2013 and are set out in the following table:

REMUNERATION REPORT (Audited)

(c) Details of remunerations

2014	Short-term employee benefits				Post-employment benefits	Share-based payment		Remuneration
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Total $	Superannuation $	Options* $	Total $	that is performance based % #
Non-Executive Director								
Julia Beckett[1]	12,177	-	867	13,044	1,126	-	14,170	-
Salam Malagun[2]	-	-	-	-	-	-	-	-
Jay Stephenson	8,598	-	1,858	10,456	590	-	11,046	-
	20,775	-	2,725	23,499	1,716	-	25,216	-
Executive Directors								
Paige McNeil	113,383	-	1,858	115,241	-	-	115,241	-
	113,383	-	1,858	115,241	-	-	115,241	-
Other KMP								
Joe Idigel	2,750	-	733	3,483	231	-	3,714	-
Total	136,908	-	5,316	142,224	1,947	-	144,171	-

2013	Short-term employee benefits				Post-employment benefits	Share-based payment		Remuneration
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Total $	Superannuation $	Options* $	Total $	that is performance based % #
Non-Executive Director								
Jay Stephenson	54,167	-	2,683	56,850	4,875	-	61,725	-
Executive Directors								
Paige McNeil	182,801	-	2,683	185,484	-	-	185,484	-
Salam Malagun[3]	95,383	-	3,337	98,720	8,012	-	106,732	-
	278,184	-	6,020	284,204	8,012	-	292,216	
Other KMP								
Joe Idigel	48,491	-	753	49,244	3,965	-	53,209	-
Total	380,842	-	9,456	390,298	16,852	-	407,150	-

* Option value calculation in accordance with AASB 2: Share Based Payments

[1] Balance at the end of the year represents non-executive director's remuneration as the date of appointment (5 December 2013)
[2] Balance at the end of year represents non-executive director's remuneration as the date of resignation (5 December 2013)
[3] Balance at the end of year represents executive director's remuneration as the date of resignation (27 May 2013) and appointed as non-executive director on 27 May 2013

REMUNERATION REPORT (Audited)

(e) Equity instrument disclosures relating to KMP

(i) Option holdings

The number of options held by each KMP of the Group, including their personally related parties, are set out below:

2014 Name	Balance at 1 July 2013	Granted as remuneration	Options exercised	Other changes*	Balance at 30 June 2014	Vested and exercisable at 30 June 2014
Jay Stephenson	2,000,000	-	-	-	2,000,000	2,000,000
Paige McNeil	4,000,000	-	-	-	4,000,000	4,000,000
Salam Malagun[1]	2,000,000	-	-	-	2,000,000	2,000,000
Julia Beckett	-	-	-	-	-	-
Joe Idigel	1,000,000	-	-	-	1,000,000	1,000,000
Total	9,000,000	-	-	-	9,000,000	9,000,000

2013 Name	Balance at 1 July 2012	Granted as remuneration	Options exercised	Other changes*	Balance at 30 June 2013	Vested and exercisable at 30 June 2013
Jay Stephenson	2,000,000	-	-	-	2,000,000	2,000,000
Paige McNeil	4,000,000	-	-	-	4,000,000	4,000,000
Salam Malagun	2,000,000	-	-	-	2,000,000	2,000,000
Joe Idigel	1,000,000	-	-	-	1,000,000	1,000,000
Total	9,000,000	-	-	-	9,000,000	9,000,000

(ii) Share holdings

The numbers of shares in the Company held by each KMP of the Group, including their personally related parties, are set out below:

2014 Name	Balance at 1 July 2013	Granted as remuneration	Options exercised	Other changes*	Balance at 30 June 2014
Jay Stephenson	647,000	-	-	316,500	963,500
Paige McNeil	11,402,016	-	-	6,793,050	18,195,066
Julia Beckett	-	-	-	15,000	15,000
Salam Malagun[2]	-	-	-	-	-
Joe Idigel	-	-	-	-	-
Total	12,049,016	-	-	7,124,550	19,173,566

2013 Name	Balance at 1 July 2012	Granted as remuneration	Options exercised	Other changes*	Balance at 30 June 2013
Jay Stephenson	465,000	-	-	182,000	647,000
Paige McNeil	10,330,100	-	-	1,071,916	11,402,016
Salam Malagun	-	-	-	-	-
Joe Idigel	-	-	-	-	-
Total	10,795,100	-	-	1,253,916	12,049,016

[1] Balance at the end of year represents non-executive director's no. of options held as the date of resignation (5 December 2013)

[2] Balance at the end of year represents of non-executive director's no. of shares held as the date of resignation (5 December 2013)

REMUNERATION REPORT (Audited)

No shares were held nominally at year end or the prior year end.
* Other changes during the year include other acquisitions and disposals for Directors and their related parties.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		Remuneration linked to performance	
	2014	**2013**	**2014**	**2013**
Non-Executive Directors	100%	100%	-	-
Executive Directors	100%	100%	-	-
Other KMP	100%	100%	-	-

(f) Service agreements

Consultancy Agreement with Exploration and Management Consultants Pty Ltd

On 10 Feb 2014, the Company entered into a Consultancy Agreement with Exploration and Management Consultants Pty Ltd ("EMC") whereby EMC will provide the services of Paige McNeil as both Managing Director and Company Secretary of the Company.

The key terms of the Consultancy Agreement are as follows:

(a) the agreement has a term of 12 months, commencing on 12 February 2014;

(b) the Company will pay EMC $10,000 per month (exclusive of goods and services tax) which is payable monthly in arrears and will be reviewed annually; and

(c) subject to proof, the Company will reimburse EMC for all reasonable travelling intra/interstate or overseas, accommodation and general expenses incurred by Paige McNeil in the performance of her duties in connection with the business of the Company and its Related Bodies Corporate.

(d) In addition to the fee, the Company may at any time during the term pay to the consultant at a performance-based bonus and above the fee (performance based bonus)

This service agreement may be terminated by giving the Company 3 months' written notice.

Service Agreement with Wolfstar Corporate Management Pty Ltd

On 10 August 2011, the Group engaged Wolfstar Corporate Management Pty Ltd ("WCM") to appoint Jay Stephenson (Non-executive Chairman) as Chief Financial Officer 6 months from the Company's date of quotation on ASX Limited. WCM is a related party of the Company by virtue of it being controlled by Jay Stephenson.

In consideration for the accounting services provided, WCM is entitled to a monthly fee of $6,000 (plus GST). The Group will reimburse WCM for all reasonable out-of-pocket expenses incurred including, but not limited to, photocopying, facsimile, longer distance telephone, delivery services and travelling expenditure as required.

This service agreement may be terminated at any time by either party giving one month's written notice to the other party.

(g) Share-based Compensation

Options
Options are granted to key management personnel under the Quintessential Resources Ltd Employee Option Plan and are subject to the terms of the Quintessential Resources Ltd Employee Option Plan.

Options are granted under the Plan for no consideration and for a period not exceeding five years. There are no performance conditions attached to options, other than the employee must maintain employment for a 12 month period.

There were no options over ordinary shares in the Company provided as remuneration to Directors and KMP during the year. There were no equity instruments issued during the year to Directors and KMP as a result of options exercised that has previously been granted as compensation.

REMUNERATION REPORT (continued)

Options granted under the Plan carry no dividend or voting rights. All options were provided at no cost to the recipients. When exercisable, each option is convertible into one ordinary share of Quintessential Resources Ltd. Further information on the options is set out in Note 14 to the Financial Report.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Name	Number of options	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	% vested
Directors of Quintessential Resources Limited							
Jay Stephenson	2,000,000	27 May 2011	27 May 2011	31 Dec 2014	$0.20	-	100
Paige McNeil	4,000,000	27 May 2011	27 May 2011	31 Dec 2014	$0.20	-	100
Other KMP of the Group							
Joe Idigel	1,000,000	27 May 2011	27 May 2011	30 July 2015	$0.20	-	100

(h) Additional information

The Company has a share trading policy which imposes basic trading restrictions on all employees of the Company with 'insider information', and additional trading restrictions on the Directors of the Company. Full details of the Share Trading Policy can be found on the Company's website.

Voting and Comments Made at the Company's 2013 Annual General Meeting

At the Annual General Meeting held on 29 November 2013, the company received 7,825,484 (91%) "Yes" votes on its remuneration report for the 2013 financial year.

The Group did not employ a remuneration consultant during the year.

END OF AUDITED REMUNERATION REPORT

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Quintessential Resources Ltd and the specified executives of the Group, including their personally-related entities during the year.

SHARES UNDER OPTION

Unissued ordinary shares of Quintessential Resources Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
27 May 2011	31 Dec 2014	$0.20	10,000,000
17 August 2011	30 July 2015	$0.37	2,000,000
4 April 2012	4 April 2015	$0.36	600,000
3 December 2012	31 October 2015	$0.14	3,250,000
			15,850,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Quintessential Resources Ltd issued during the year ended 30 June 2014 on the exercise of options. No amounts are unpaid on any of the shares.

INSURANCE OF OFFICERS

During the financial year, the Group paid a premium of $4,583 to insure the Directors and Officers of the Company against any claims and negligence. The Group has agreed to indemnify the current Directors and Officers for all liabilities to another person, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates the Group shall meet the full amount of any such liabilities, including costs and expenses.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Moore Stephens and BDO Tax (WA) Pty Ltd for non-audit services provided during the year ended 30 June 2014 and 30 June 2013:

	2014	2013
	$	$
Moore Stephens -Taxation services	5,500	-
BDO – Taxation services	-	16,046
	5,500	16,046

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsible on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors.

Jay Stephenson
Chairman

30 September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF QUINTESSENTIAL RESOURCES LIMITED

As lead auditor of Quintessential Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Neil Pace

Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 30th September 2014

CORPORATE GOVERNANCE STATEMENT

As the framework of how the Board of Directors of Quintessential Resources Ltd ("Company") carries out its duties and obligations, the Board has considered the eight principles of corporate governance as set out in the ASX Good Corporate Governance and Best Practice Recommendations.

The essential corporate governance principles are:

1 Lay solid foundations for management and oversight;

2 Structure the Board to add value;

3 Promote ethical and responsible decision-making;

4 Safeguard integrity in financial reporting;

5 Make timely and balanced disclosure;

6 Respect the rights of shareholders;

7 Recognise and manage risk;

8 Remunerate fairly and responsibly.

30. Lay solid foundations for management and oversight.

Recommendation 1.1: *Management should establish and disclose functions reserved to the Board and delegated to management.*

Roles and Responsibilities:

The roles and responsibilities carried out by the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies;
- Monitor financial performance;
- Assess and review risk exposure and management;
- Oversee compliance, corporate governance, and legal obligations;
- Approve all major purchases, disposals, acquisitions, and issue of new shares;
- Approve the annual and half-year financial statements;
- Appoint and remove the Company's Auditor;
- Appoint and assess the performance of the Managing Director and members of the senior management team;
- Report to shareholders.

Recommendation 1.2: *Companies should disclose the process for evaluating the performance of senior executives.*

The Board will regularly review the performance of senior executives.

Recommendation 1.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives will take place during the next financial year.

30. Structure the Board to add value.

Recommendation 2.1: *A majority of the Board should be independent Directors.* Refer general comment below.

Recommendation 2.2: *The Chairperson should be an independent Director.* Refer general comment below.

Recommendation 2.3: *The roles of the Chairperson and Chief Executive should not be exercised by the same individual.* Refer general comment below.

Recommendation 2.4: *Establishment of a nominations committee.* Refer general comment below.

Recommendation 2.5: *Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.* Refer general comment below.

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.* Refer general comment below.

General Comments:

Membership

The Board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The Board currently consists of one Non-Executive Director and two Executive Directors. Refer to the Directors' Report for details of each Director's profile. The Chairman, Managing Director and Technical Director all have shareholdings, option holdings and related party transactions.

Chairman and Managing Director

Mr Stephenson is the Chairman and Ms McNeil is the Managing Director. The Chairman is responsible for leading the Board in its duties, and facilitating effective discussions at Board level.

Nomination Committee

The Company has a formal charter for the Nomination Committee. The Board as a whole deals with areas that would normally fall under the charter of the Nomination Committee. These include matters relating to the renewal of Board members and Board performance.

Skills

The Directors bring a range of skills and background to the Board including Finance, Accounting, Governance and Geology.

Experience

The Directors have considerable experience in business at both operational and corporate levels.

Meetings

The Board meets on a formal basis when it considers it necessary, although the board regularly meets informally.

Independent professional advice

Each Director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required, and is not unreasonably withheld.

30. Promote ethical and responsible decision-making.

Recommendation 3.1: *Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:*

3.1.1 The practices necessary to maintain confidence in the Company's integrity;

3.1.2 The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;

3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

Recommendation 3.2: *Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.*

The Company has a diversity policy included in its Corporate Governance Policy.

Recommendation 3.3: *Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.*

The Board has established and disclosed its policy concerning diversity. However, the Board considers due to the size of the Company that setting measurable diversity objectives is not appropriate. The Company currently has no employees and utilises external consultants and contractors as and when required.

The Board will review this position on an annual basis and will implement measurable objectives as and when they deem the Company to require them.

Notwithstanding the above, during the financial year the Board had two woman members of the Company, The Managing Director, Ms Paige McNeil, and Ms Julia Beckett who was appointed on 5 December 2013.

Recommendation 3.4: *Disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board as of 30 June 2014.*

Currently there are two women executives in the organization including Ms. McNeil as Managing Director and Ms. Julia Beckett as Non-Executive Director.

Recommendation 3.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

A summary of both the Company's Code of Conduct and its Share Trading Policy will be included on the Company's website.

4. Safeguard integrity in financial reporting.

Recommendation 4.1: *The Board should establish an audit committee.*

Recommendation 4.2: *Structure the audit committee so that it consists of:*

- *Only non-executive Directors;*
- *A majority of independent Directors;*
- *An independent Chairperson, who is not Chairperson of the Board;*
- *At least three members.*

Recommendation 4.3: *The Audit Committee should have a formal charter.*

General Comments:

Integrity of Company's Financial Condition

The Chairman reports in writing to the Board that the financial statements of the Company for the half and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with relevant accounting standards.

Audit Committee

The Company has a formal charter for an Audit Committee. The Audit Committee comprises Mr Stephenson and Ms McNeil. The Audit Committee:

- Review the Company's accounting policies;
- Review the content of financial statements;
- Review the scope of the external audit, its effectiveness, and independence of the external audit;
- Ensure accounting records are maintained in accordance with statutory and accounting standard requirements;
- Monitor systems used to ensure financial and other information provided is reliable, accurate, and timely;
- Review the audit process with the external auditors to ensure full and frank discussion of audit issues;
- Present half and full year financial statements to the Board.

The Chairperson of the Audit Committee is Mr Stephenson. The Company has determined that Mr Stephenson is the most suitable director to chair the Audit Committee due to his competency in corporate governance, accounting and finance and the limited size of the Board.

5. Make timely and balanced disclosure.

Recommendation 5.1: *Establish written policies and procedures designed to ensure compliance with ASX Listing rules disclosure requirements and to ensure accountability at a senior management level for that compliance.*

Being a listed entity on the ASX, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market of all information required to be disclosed under the Rules that the Board believes would have a material affect on the price of the Company's securities.

The Company Secretary has been appointed as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public.

All shareholders receive a copy of the Company's annual report.

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

6. Respect the rights of shareholders.

Recommendation 6.1: *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

Recommendation 6.2: *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.*

General Comments:

The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, the Company provides the opportunity for shareholders to question the Board and management about its activities at the Company's annual general meeting.

The Company's auditor, Moore Stephens, will be in attendance at the annual general meeting and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

7. Recognise and manage risk

Recommendation 7.1: *The Board or appropriate Board committee should establish policies on risk oversight and management.*

Recommendation 7.2: *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that:*

7.2.1 The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

7.2.2 The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Recommendation 7.3: *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

General Comments:

The Board oversees the Company's risk profile. The financial position of the Company and matters of risk are considered by the Board. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor and manage risk are in place, being maintained and adhered to.

The Chief Financial Officer/Company Secretary state in writing to the Board that:

- The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

8. Remunerate fairly and responsibly

Recommendation 8.1: *The Board should establish a Remuneration Committee.*

Recommendation 8.2: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

Recommendation 8.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8.*

General Comments:

Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

The Remuneration Committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance linked;
- Transparency;
- Capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organization.

Remuneration Committee

Members of the Remuneration Committee are the Board members.

Directors' Remuneration

Further information on Directors' and Executives' remuneration is set out in the Directors' Report and Remuneration Report.

Departure from Best Practice Recommendations

From the Company's incorporation, the Company complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council.

Recommendation Reference - ASX Guidelines	Notification of Departure	Explanation for Departure
2.1, 2.2	The majority of the board is not independent and the Chairperson is not independent	The Board considers that the Company is not currently of a size to justify a majority of independent directors.
4.2	The audit committee should consist of only independent and non-executive directors.	The Board considers that the Company is not currently of a size to justify only independent and non-executive directors on an audit committee.
8.1, 8.2, 8.3	A separate Remuneration Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a Remuneration Committee. The Board as a whole undertakes the process of reviewing the remuneration levels of the Board, and where required, outside advice is sought.

QUINTESSENTIAL RESOURCES LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014	30 June 2013
		$	$
Revenue from Continuing Operations			
Other income	4	65,721	99,362
Audit and tax fees		(26,930)	(55,207)
Accounting fees		(72,814)	(88,991)
Consumables		-	(5,069)
Directors' fees		(68,133)	(51,049)
Depreciation and amortisation		(111,028)	(241,176)
Doubtful debts expense		(34,909)	-
Employee benefit expense		(31,159)	(219,055)
Exploration written off		(7,578,923)	-
Cash advances written off		(28,261)	
Impairment expense		(84,501)	(663,565)
Share-based payment		-	(3,250)
Other expenses		(189,890)	(333,938)
Loss before income tax from continuing operations		(8,160,827)	(1,561,938)
Income tax expense	6	-	-
Loss after income tax		(8,160,827)	(1,561,938)
Loss is attributed to:			
Equity holders of Quintessential Resources Ltd		(7,575,652)	(1,518,504)
Non-controlling interest		(585,175)	(43,434)
		(8,160,827)	(1,561,938)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		(1,148,183)	(203,420)
Total comprehensive loss for the year		(9,309,010)	(1,765,358)
Total comprehensive loss attributable to:			
Equity holders of Quintessential Resources Ltd		(8,579,627)	(1,706,466)
Non-controlling interest		(729,383)	(58,892)
		(9,309,010)	(1,765,358)
Loss per share for loss attributable to equity holders		**Cents**	**Cents**
Basic and diluted (loss) per share	20	(7.34)	(2.36)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

QUINTESSENTIAL RESOURCES LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	7	29,081	169,741
Trade and other receivables	8	24,839	75,387
Other asset	9	10,028	16,597
Total current assets		63,948	261,725
Non-current assets			
Plant and equipment	10	10,739	276,134
Exploration and evaluation expenditure	11	16,572	8,538,004
Total non-current assets		27,311	8,814,138
Total assets		91,259	9,075,863
LIABILITIES			
Current liabilities			
Trade and other payables	12	156,404	166,145
Provision	13	1,652	17,002
Total current liabilities		158,056	183,147
Total liabilities		158,056	183,147
Net (liabilities)/assets		(66,797)	8,892,716
EQUITY			
Contributed equity	14	12,281,777	11,932,280
Reserves	15	(605,798)	398,177
Non-controlling interest	15	(880,466)	(151,083)
Accumulated losses	15	(10,862,310)	(3,286,658)
Total equity		(66,797)	8,892,716

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

QUINTESSENTIAL RESOURCES LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity	Accumulated Losses	Option reserve	Foreign exchange reserve	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance at 1 July 2012	10,296,688	(1,768,154)	437,150	145,739	9,111,423	(92,191)	9,019,232
Loss for the year	-	(1,518,504)	-	-	(1,518,504)	(43,434)	(1,561,938)
Other comprehensive income	-	-	-	(187,962)	(187,962)	(15,458)	(203,420)
Total comprehensive loss for the year	-	(1,518,504)	-	(187,962)	(1,706,466)	(58,892)	(1,765,358)
Transaction with owners, in their capacity as owners							
Shares issued during the year, net of costs	1,635,592	-	-	-	1,635,592	-	1,635,592
Share-based payment expense	-	-	3,250	-	3,250	-	3,250
Balance at 30 June 2013	11,932,280	(3,286,658)	440,400	(42,223)	9,043,799	(151,083)	8,892,716
Balance at 1 July 2013	11,932,280	(3,286,658)	440,400	(42,223)	9,043,799	(151,083)	8,892,716
Loss for the year	-	(7,575,652)	-	-	(7,575,652)	(585,175)	(8,160,827)
Other comprehensive income	-			(1,003,975)	(1,003,975)	(144,208)	(1,148,183)
Total comprehensive loss for the year	-	(7,575,652)	-	(1,003,975)	(8,579,627)	(729,383)	(9,309,010)
Transaction with owners, in their capacity as owners							
Shares issued during the year, net of costs	347,281	-	-	-	347,281	-	347,281
Share-based payment expense	2,216	-	-	-	2,216	-	2,216
Balance at 30 June 2014	12,281,777	(10,862,310)	440,400	(1,046,198)	813,669	(880,466)	(66,797)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

QUINTESSENTIAL RESOURCES LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30 June 2014	30 June 2013
		$	$
Cash flows from operating activities			
Receipts from customers		59,724	3,396
Cash advances paid		(9,790)	-
Payments to suppliers and employees		(392,192)	(1,210,628)
Interest received		2,552	23,543
Net cash outflow from operating activities	22	(339,706)	(1,183,689)
Cash flows from investing activities			
Payments for plant and equipment		-	(972)
Proceeds from sale of motor vehicle		34,265	
Payments for exploration and evaluation expenditure		(184,955)	(1,936,694)
Net cash outflow from investing activities		(150,690)	(1,937,666)
Cash flows from financing activities			
Proceeds from shares issue		367,475	1,768,006
Capital raising costs paid		(20,193)	(132,414)
Proceeds of loan to related party		-	(150,000)
Repayment of loan by related party		-	150,000
Repayment of loan to related party		-	-
Net cash inflow from financing activities		347,282	1,635,592
Net increase in cash and cash equivalents		(143,114)	(1,485,763)
Cash and cash equivalents at the beginning of the year		169,741	1,655,731
Effect of exchange rate fluctuations on cash and cash equivalents held		2,454	(227)
Cash and cash equivalents at the end of the year		29,081	169,741

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for profit entity for financial reporting purposes under Australian Auditing Standards.

This financial report includes the consolidated financial statements and notes of Quintessential Resources Limited and controlled entities ("Consolidated Entity" or "Group").

The separate financial statements of the parent entity, Quintessential Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements were authorised for issue on 30 September 2014 by the directors of the Company.

Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

New and amended standards adopted by the Group

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.	This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 17 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: *Consolidated Financial Statements*;
- AASB 12: *Disclosure of Interests in Other Entities*; and
- AASB 127: *Separate Financial Statements*.

AASB 10 provides a revised definition of "control" and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The first-time applications of these Standards resulted in more detailed disclosures but have not significantly impacted the subsidiaries consolidated in the Group's financial statements.

Historical cost convention
These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated entity has incurred a net loss after tax for the year ended 30 June 2014 of $7,575,652 (2013: $1,518,504) and experienced net cash outflows from operations of $339,706 (2013: $1,183,689). As at 30 June 2014, the Consolidated entity had cash and cash equivalents of $29,081 (30 June 2013: $169,741) and net liabilities of $66,797 (30 June 2013: net assets of $8,892,716).

Notwithstanding the above, the directors believe that it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

(a) On 8 August 2014, The Company has entered into subscription agreements to place 18,842,000 shares at 1 cent per share to raise $188,420 and the funds will be used for working capital purposes and expenses associate with the acquisition of Yonder and Beyond.

(b) The Company intends to raise a minimum of $3.5 million through the issue of 17,500,000 shares at an issue price of 20 cents per share (on a post consolidation basis) to accelerate and scale the business of existing investee companies and provide working capital on business development and general operations of the Company.

(c) Completion of the acquisition of Yonder and Beyond that is expected to deliver long term benefit to the Company.

As a consequence of this acquisition, the Company believes it can:

- Bring a wealth of experience and relationships across the technology and entertainment landscape and is able to maximize synergies amongst its investment portfolios to accelerate growth and user acquisitions
- Streamline management structures
- Achieve significant economies of scale through better utilisation of resources, including staff, data base IT systems and expertise

The Directors believe that there are sufficient funds to meet the Group's working capital requirements and have put in place measures to reduce costs and revise capital after year end.

However, the Directors recognise that the ability of the Group to continue exploration activities and to pay its debts as and when they fall due is dependent on the ability of the Group to secure additional funding through the issue of future shares or options or collecting funds due from the sale of exploration assets sufficient to meet the Group's expenditure commitments.

Based on the above, the Group is confident that it will successfully raise additional funds to meet its financial obligations in future period. In the event this does not occur, the Group may not be able to continue as a going concern and realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Quintessential Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Exploration and evaluation expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(c) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(d) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gain or losses on qualifying cash flow hedges of foreign currency purchases of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required.

- Plant and equipment 4-7 years
- Motor vehicles 4 years
- Drill rigs and accessories 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. When re-valued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(e) Employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Employee benefits (continued)

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Share-based payments

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(f) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(h) Goods and services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and less any reduction for impairment.

The Consolidated Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Non-derivative financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (continued)

Derecognition
Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(j) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weight average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(k) Impairment of assets

At each reporting date, the Consolidated Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

(l) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).
For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or construction obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(n) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Consolidated Statement of Profit and Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedged or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities as available-for-sale financial assets are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated as follows:

- assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- income and expenses for each Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Leases of plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the Consolidated Statement of Financial Position based on their nature.

(p) Trade and other receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Consolidated Statement of profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement Profit or Loss and of Comprehensive Income.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days or recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(s) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New accounting standards for application in future periods

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
AASB 9	Financial Instruments	The main changes are: (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been	1 January 2017	Currently no impact	1 July 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New accounting standards for application in future periods (Continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Group financial statements	Application date for Group
		carried forward unchanged from AASB 139 into AASB 9: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and AASB 2010-10.			

– AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

– Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

– AASB 2013–3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

– AASB 2013–4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

– AASB 2013–5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New accounting standards for application in future periods (Continued)

– AASB 2013-9 (issued December 2013) Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

Makes three amendments to AASB 9:
- Adding the new hedge accounting requirements into AASB 9
- Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and
- Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.

Under the new hedge accounting requirements:
- The 80-125% highly effective threshold has been removed
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI
- When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI
- Net foreign exchange cash flow positions can qualify for hedge accounting.

(u) Parent entity financial information

The financial information for the parent entity, Quintessential Resources Ltd, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Quintessential Resources Ltd.

NOTE 2 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned.

Risk management is carried out by the Board as a whole and no formal risk management policy has been adopted but is in the process of development.

The Group holds the following financial instruments:

	2014	2013
	$	$
Financial assets		
Cash and cash equivalents	29,081	169,741
Trade and other receivables	24,839	75,027
	53,920	244,768
Financial liabilities		
Trade and other payables	(156,404)	(166,145)
	(156,404)	(166,145)
Net financial (liabilities)/assets	(102,484)	78,623

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to Papua New Guinea Kina. While the Group accounts for the foreign currency movement through reserves, below is an indicative exposure to the currencies if the movements were to be included in Statement of Profit or Loss and Other Comprehensive Income.

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The following table shows the foreign currency risk on the financial assets and liabilities of the subsidiary's operations denominated in currencies other than the functional currency of the operations.

2014	**Net Financial Liabilities in AUD**	
Consolidated Group	**KINA**	**AUD**
Functional currency of entity:		
Quintessential Resources (PNG) Ltd	(159,473)	(68,101)
Statement of financial position exposure	(159,743)	(68,101)
Exchange rate as at 30 June 2014		0.42704

2013	**Net Financial Liabilities in AUD**	
Consolidated Group	**KINA**	**AUD**
Functional currency of entity:		
Quintessential Resources (PNG) Ltd	(133,877)	(63,645)
Statement of financial position exposure	(133,877)	(63,645)
Exchange rate as at 30 June 2013		0.4754

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit/loss or equity, and the balances below would be negative.

	Foreign exchange rate risk 10% Profit or Loss $	Foreign exchange rate risk -10% Profit or Loss $
Year ended 30 June 2014		
Trade and other receivables	4,334	(6,984)
Trade and other payables	(34,651)	55,842
Year ended 30 June 2013		
Trade and other receivables	1,489	(1,820)
Trade and other payables	(18,300)	22,366

(ii) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. Exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2014	**Floating Interest Rate $**	**Non-interest bearing $**	**Total $**
Financial assets			
Cash and cash equivalents	29,081	-	29,081
Trade and other receivables	-	24,839	24,839
	29,081	24,839	53,920
Weighted average interest rate	2.03%		
Financial liabilities			
Trade and other payables	-	156,404	156,404
	-	156,404	156,404
Net financial (liabilities)/assets	29,081	(131,565)	(102,484)

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

2013	**Floating Interest Rate $**	**Non-interest bearing $**	**Total $**
Financial assets			
Cash and cash equivalents	169,741	-	169,741
Trade and other receivables	-	75,027	75,027
	169,741	75,027	244,768
Weighted average interest rate	2.95%		
Financial liabilities			
Trade and other payables	-	166,145	166,145
	-	166,145	166,145
Net financial assets/(liabilities)	169,741	(91,118)	78,623

Sensitivity analysis

The following table illustrates sensitivities of the Group's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the interest rate risk variable that management considers to be reasonably possible.

	(Loss)/Profit $	**Equity $**
Year ended 30 June 2014		
+/- 75bps in interest rates	+/- 945	+/- 945
Year ended 30 June 2013		
+/- 75bps in interest rates	+/- 5,990	+/- 5,990

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Value
Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

		2014		**2013**	
Consolidated Group	**Note**	**Carrying Amount $**	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Financial assets					
Cash and cash equivalents	7	29,081	29,081	169,741	169,741
Trade and other receivables	8	24,839	24,839	75,027	75,027
Total financial assets		53,920	53,920	244,768	244,768
Financial liabilities					
Trade and other payables	11	156,404	156,404	166,145	166,145
Total financial liabilities		156,404	156,404	166,145	166,145

The carrying amount of financial assets and financial liabilities approximates to their fair values.

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and inter-company loans.

The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. Credit terms are generally 30 days from the invoice date. The Group has no concentrations of credit risk. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Consolidated Statement of Financial Position.

Credit risk exposures

The credit quality of financial assets that are neither past due not impaired can be assessed by references to external credit ratings (if available) or to historical information about counterparty default rates.
Credit risks related to balances with bank and other financial institutions is managed by the Board in accordance with Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash based on Standard and Poor's counterparty credit ratings.

	2014 $	2013 $
Trade receivables		
Counterparties without external credit rating		
Existing customer (more than 6 months) with no defaults in the past	2,808	15,626
Cash and cash equivalents		
- AA Rated	29,081	169,741

Cash is held with Westpac Banking Corporation.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Consolidated Statement of Financial Position. All trade and other payables are non-interest bearing and due within 30 days from the reporting date.

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

NOTE 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial Liability and Financial Asset Maturity Analysis

2014	Fixed interest rate maturing in:			
Financial Instruments	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Financial Assets				
Trade and other receivables	24,839	-	-	24,839
Total financial assets	**24,839**	**-**	**-**	**24,839**
Financial Liabilities				
Trade and other payables	156,404	-	-	156,404
Total financial liabilities	**156,404**	**-**	**-**	**156,404**

2013	Fixed interest rate maturing in:			
Financial Instruments	**1 year or less**	**Over 1 to 5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Financial Assets				
Trade and other receivables	75,027	-	-	75,027
Total financial assets	**75,027**	**-**	**-**	**75,027**
Financial Liabilities				
Trade and other payables	166,145	-	-	166,145
Total financial liabilities	**166,145**	**-**	**-**	**166,145**

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

(a) Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The Board has reviewed its Consolidated Statement of Financial Position at 30 June 2014 and the Group carried out a review of the recoverable amount of the plant and equipment. These assets are used in the Group's exploration programs. The review led to a further recognition of an impairment loss of $84,501 (2013:$663,565), which has been recognised in Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount of the relevant assets has been determined on the basis of their value in use.

The impairment losses have been included in the face of Consolidated Profit or Loss and Other Comprehensive Income.

(b) Cash advance written off

$28,261 cash advance was written off during the year of which all the cash advances related to exploration expenditure. The Board has reviewed the contemplated impairment of cash advance spent on exploration expenditure during the current year in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure is carried forward where a mineral resource has been estimated for the area of interest; refer to accounting policy stated in Note 1(b).

During the year, the Company has identified that there are tenements where no exploration program can be justified at this time therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has reviewed the contemplated impairment of $7,578,923 during the current year in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

(d) Provision for doubtful debts

The Board has assessed the likelihood of any impairment of the receivables by evaluating those payments that are in arrears and making a judgement as to the likelihood of that receivable not being paid based on the available cash flows forecasts provided by these related entities. $34,909 doubtful debt was provided during the year.

(e) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model.

(f) Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the Directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

NOTE 4 REVENUE	**2014 $**	**2013 $**
From continuing operations		
Interest Income	2,552	23,543
Other income	63,169	75,819
Total revenue	65,721	99,362

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS	**Note**		
Significant items			
Advertising		-	30,967
ASX fees		19,813	23,431
Consulting fee		84,501	42,256
Depreciation and amortisation		111,028	241,176
Employee benefit expense		31,159	219,055
Exploration written off		7,578,923	-
Cash advances written off		28,261	-
Impairment on plant and equipment		85,851	663,565
Insurance		8,099	33,683
Legal fees		2,195	27,065
Rent		32,637	50,225
Travel and accommodation		720	14,966

NOTE 6 INCOME TAX

	2014 $	2013 $
a) Income tax (benefit)/expense		
Current tax	-	-
Deferred tax	-	-
	-	-
b) Reconciliation of income tax expense to prima facie tax payable		
Loss before income tax	(8,160,827)	(1,561,938)
Prima facie tax at 30% (2013: 30%)	(2,448,248)	(468,581)
Tax effect of amounts not deductible in calculating taxable income		
Tax losses not recognised (Australian)	97,064	141,872
Other deferred tax balances not recognised	(715)	(3,783)
Other non-allowable items	2,351,899	330,492
Income tax (benefit)/expense	-	-
c) Deferred tax recognised		
Deferred tax liabilities	(88)	(4,679)
Deferred tax assets	88	4,679
Net deferred tax recognised	-	-
d) Deferred tax not recognised		
Deferred tax - profit and loss	7,997	12,091
Deferred tax - to equity	4,846	-
	12,843	12,091
Off-set deferred tax liabilities	(88)	(4,679)
Deferred tax assets after off-set	12,755	7,412
Tax losses not recognised (Australian)	389,910	292,846
Total deferred tax assets not recognised	402,665	300,258

NOTE 7 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	29,081	169,741

Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents	29,081	169,741

Cash at bank earns an effective rate of 2.03% (2013:2.95).

NOTE 8 TRADE AND OTHER RECEIVABLES		2014 $	2013 $
CURRENT			
Trade receivables		38,370	15,626
Provision for doubtful debts	a	(35,562)	-
		2,808	15,626
Other receivables		6,958	13,241
Cash advances		8,974	27,445
GST receivable		6,099	19,075
Total trade and other receivables		24,839	75,387

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. During the year, the Company has assessed the indication of impairment of Miz Earthworks Limited as the debt was overdue and not settled within the term as such may not be repaid in full. Refer to note 2 for credit risk exposure.

a. **Provision for Doubtful Debts of Receivables**

Movement in the provision for doubtful debts of receivables is as follows:

		Opening Balance $	Charge for the Year $	Amounts Written Off $	Closing Balance $
2014					
(i)	Current trade receivables	-	35,562	-	35,562
		-	35,562	-	35,562
2013					
(i)	Current trade receivables	-	-	-	-
		-	-	-	-

NOTE 9 OTHER ASSETS		
CURRENT		
Prepayments	10,028	16,597

NOTE 10 PLANT AND EQUIPMENT		
Plant and equipment		
At cost	446,619	494,434
Less: impairment recognised in profit and loss	(125,768)	
Less: accumulated depreciation	(311,546)	(221,234)
	9,305	273,200
Computer software		
At cost	5,297	5,634
Less: accumulated amortisation	(3,863)	(2,700)
	1,434	2,934
Drill rigs		
At cost	343,726	382,651
Less: impairment recognised in profit and loss	(259,725)	(289,137)
Less: accumulated depreciation	(84,001)	(93,514)
	-	-

NOTE 10 PLANT AND EQUIPMENT (CONTINUED)

	2014 $	2013 $
Rig accessories		
At cost	349,427	388,997
Less: impairment recognised in profit and loss	(264,033)	(293,933)
Less: accumulated depreciation	(85,394)	(95,064)
	-	-
Motor vehicles		
At cost	50,174	121,597
Less: impairment recognised in profit and loss	(32,620)	(80,495)
Less: accumulated depreciation	(17,554)	(41,102)
	-	-
Carrying amount at the end of the financial year	10,739	276,134

Reconciliations
Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are as set out below:

	Plant and equipment $	Computer software $	Drill rigs $	Rig accessories $	Motor vehicles $	Total $
Carrying amount at 1 July 2013	273,200	2,934	-	-	-	276,134
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	(39,687)	(39,687)
Depreciation/amortisation expense	(109,717)	(1,311)	-	-	-	(111,028)
Impairment recognised in profit and loss	(125,768)	-	-	-	41,267	(84,501)
Foreign currency translation movement	(28,410)	(189)	-	-	(1,580)	(30,179)
Carrying amount at 30 June 2014	9,305	1,434	-	-	-	10,739

	Plant and equipment $	Computer software $	Drill rigs $	Rig accessories $	Motor vehicles $	Total $
Carrying amount at 1 July 2012	394,815	4,336	324,162	329,539	146,117	1,198,969
Additions	972	-	-	-	-	972
Disposal	-	-	-	-	(27,278)	(27,278)
Depreciation/amortisation expense	(125,960)	(1,426)	(36,541)	(37,147)	(40,102)	(241,176)
Impairment recognised in profit and loss	-	-	(289,137)	(293,933)	(80,495)	(663,565)
Foreign currency translation movement	3,373	24	1,516	1,541	1,758	8,212
Carrying amount at 30 June 2013	273,200	2,934	-	-	-	276,134

During the year, as the result of saturated market in Papua New Guinea, the Company decided to postpone the exploration program in Papua New Guinea. The Group has carried out a review of the recoverable amount of all the plant and equipment and motor vehicles on site in Papua New Guinea and the review led to the recognition of an impairment loss of $84,501(2013:$663,565), which has been recognised in statement of profit or loss.

NOTE 11 EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
NON-CURRENT		
Opening balance	8,538,005	6,640,414
Exploration and evaluation costs capitalised	158,187	1,936,694
Exploration written off	(7,578,923)	-
Foreign currency translation	(1,100,697)	(39,103)
Closing balance	16,572	8,538,005

The value of the Group's interest in exploration expenditure is dependent upon the:

- the continuance of the Group's rights to tenure of the areas of interest;
- the licenses of the tenements are being up for renewal;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

During the year, the Company has identified that there are tenements where no exploration program can be justified at this time therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has reviewed the contemplated impairment of $7,578,923 during the current year in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

NOTE 12 TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Trade and other payables (a)	88,613	143,645
Amount owing to related party (b)	47,291	-
Accrued expenses	20,500	22,500
	156,404	166,145

(a) All creditors are non-interest bearing and are normally settled on 30 day terms.

(b) Being remuneration payables to the directors during the year

NOTE 13 PROVISION

	2014	2013
CURRENT		
Annual leave provision	1,652	17,002
Number of employees at end of the year	1	9
EMPLOYEE ENTITLEMENTS		
Opening balance	17,002	41,357
Additional provisions	1,456	37,613
Amounts used	(4,113)	(32,005)
Unused amounts reversed (a)	(10,889)	(29,729)
Foreign currency translation movement	(1,804)	(234)
Closing balance	1,652	17,002

NOTE 14 CONTRIBUTED EQUITY

(a) Paid up capital	**2014** $	**2013** $
125,613,048 (2013: 72,800,166) ordinary shares – fully paid of no par value	12,281,777	11,932,280

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

(b) Movements in ordinary share capital of the Company:

Date	Details	No. of shares	Issue price	$
1 July 2012	Opening balance	52,000,100		10,296,688
15 October 2012	Shares issued	3,674,571	$0.085	312,339
1 March 2012	Shares issued	17,125,495	$0.085	1,455,667
	Capital raising costs	-	-	(132,414)
30 June 2013	Closing balance	72,800,166		11,932,280
1 July 2013	Opening balance	72,800,166		11,932,280
18 October 2013	Shares issued – Non renounceable entitlement issue	6,596,702	$0.007	46,177
5 December 2013	Shares issued	29,515,369	$0.007	206,607
5 December 2013	Shares issued[1]	316,500	$0.007	2,216
16 December 2013	Shares issued	16,384,311	$0.007	114,690
	Capital raising costs	-	-	(20,193)
30 June 2014	Closing balance	125,613,048		12,281,777

(c) Movements in options of the Company:

Date	Details	No. of options	Value (cents)	$
1 July 2012	Opening balance	12,600,000		437,150
3 December 2012	Options issued	3,250,000	0.10	3,250
30 June 2013/2014	Closing Balance	15,850,000		440,400

During the year 2013, the Company issued the following options:

Date	Details	No. of options	Exercise price	Expiry date
3 December 2012	Unlisted options to consultants	3,250,000	$0.14	31 October 2015

Share-based payments to non-employees/consultants are measured at the fair value of goods or services received. $3,250 amount is recorded to the option reserve.

Year 2013

The values of employee and consultant options issued were calculated using the Black-Scholes option pricing model applying the following inputs

Number of options issued	2,000,000	600,000
Exercise price	$0.37	$0.36
Valuation date	17 August 2011	4 April 2012
Expiry date	30 July 2015	4 April 2015
Market price of shares at grant date	$0.285	$0.230
Expected share price volatility	95%	85%
Risk-free interest rate	3.98%	3.90%
Valuation per option (cents)	18.20	10.53

[1] During the year, the Company issued 316,500 ordinary shares (worth $2,216) were issued to Mr. Jay Stephenson in lieu of director's fee.

NOTE 14 CONTRIBUTED EQUITY (CONTINUED)
(c) Movements in options of the Company (continued):

The following reconciles the share options outstanding at the beginning and end of the year:

The share options outstanding at the end of the year had an exercise price of $0.22(2013:$0.22), and weighted average remaining contractual life of 276 days (2013:642 days)

Year 2014

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Vested and exercisable at end of the year Number
27 May 2011	31 Dec 2014	$0.20	10,000,000	-	-	-	10,000,000
17 Aug 2011	30 July 2015	$0.37	2,000,000	-	-	-	2,000,000
4 April 2012	4 April 2015	$0.36	600,000	-	-	-	600,000
3 Dec 2012	31 Oct 2012	$0.14	3,250,000	-	-	-	3,250,000
Total			15,850,000	-	-	-	15,850,000
Weighted average exercise price			$0.22		-	-	$0.22
Weighted average contractual remaining life (years)							0.76

Year 2013

Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Vested and exercisable at end of the year Number
27 May 2011	31 Dec 2014	$0.20	10,000,000	-	-	-	10,000,000
17 Aug 2011	30 July 2015	$0.37	2,000,000	-	-	-	2,000,000
4 April 2012	4 April 2015	$0.36	600,0000	-	-	-	600,000
3 Dec 2012	31 Oct 2012	$0.14	-	3,250,000	-	-	3,250,000
Total			12,600,000	3,250,000	-	-	15,850,000
Weighted average exercise price			$0.23	$0.14	-	-	$0.22
Weighted average contractual remaining life (years)							1.76

(d) Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2014 and 30 June 2013 are as follows:

	2014 $	2013 $
Cash and cash equivalents	29,081	169,741
Trade and other receivables	24,839	75,027
Other assets	10,028	16,597
Trade and other payables	(158,056)	(183,147)
Working capital position	(94,108)	78,218

The Group is not subject to any externally imposed capital requirements.

NOTE 15 RESERVES, ACCUMULATED LOSSES AND NON-CONTROLLING INTEREST

	2014 $	2013 $
(a) Reserves		
Option reserve	440,400	440,400
Foreign currency translation reserve	(1,046,198)	(42,222)
	(605,798)	398,178
Movements in option reserve		
Balance at the beginning of the year	440,400	437,150
Share-based payment expense	-	3,250
Balance at the end of the year	440,400	440,400
Movements in foreign currency translation reserve		
Balance at the beginning of the year	(42,223)	145,739
Currency translation differences arising during the year	(1,003,975)	(187,962)
Balance at the end of the year	(1,046,198)	(42,223)

Nature and purpose of reserves
(i) Options reserve
The options reserve is used to recognise options issued during the year.

(ii) Foreign Exchange translation reserve
Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(n). The reserve is recognised in profit and loss when the net investment is disposed of.

(b) Accumulated losses		
Balance at the beginning of the year	(3,286,658)	(1,768,154)
Loss for the year	(7,575,652)	(1,518,504)
	(10,862,310)	(3,286,658)
(c) Non-controlling interest		
Interest in:		
Share capital	8	8
Reserves	39,999	5,848
Accumulated losses	(920,473)	(156,939)
	(880,466)	(151,083)

NOTE 16 COMMITMENTS

(a) Exploration commitments
In order to maintain the current rights of tenure to mining tenements, the Company has the following exploration expenditure requirements up until the expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable as follows:

	2014 $	2013 $
Within 1 year	162,275	995,963
Later than 1 year but not later than 5 years	64,512	558,595
Later than 5 years		-
	226,787	1,554,558

(b) Remuneration commitment

Commitment for termination payment of a Group KMP of is payable as follows:		
Within 1 year	36,000	114,830
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	36,000	114,830

NOTE 16 COMMITMENTS (Continued)

(c) Lease commitment	2014 $	2013 $
Commitments for minimum lease payments in relation to an operating lease are payable as follows:		
Within 1 year	9,600	24,000
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	9,600	24,000

NOTE 17 KEY MANAGEMENT PERSONNEL (KMP)

Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) and their shareholdings in the Company for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2014 $	2013 $
Short-term employee benefits	142,224	390,298
Post-employment benefits	1,947	16,852
Total	144,171	407,150

Short-term employee benefits
These amounts included fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment employee benefits
These amounts included retirement benefits (eg pensions and lump sum payments on retirement)

Further information in relation to KMP remuneration can be found in the Remuneration Report.

NOTE 18 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Consolidated Group
The consolidated Group consists of Quintessential Resources Ltd and its controlled entity, Quintessential Resources (PNG) Ltd. Ownership interests in this subsidiary are set out in Note 24. Quintessential Resources (PNG) Ltd is incorporated in, and operates in, Papua New Guinea.

Other related parties

Exploration and Management Consultants Pty Ltd

Paige McNeil is a Director of Exploration and Management Consultants Pty Ltd ("EMC").

Peter McNeil is related to Paige McNeil. He provided geological consulting service to the Group through EMC. Fee charged by Mr McNeil for the year ended 30 June 2014 was $28,238 (2013: $ 88, 771) Amounts are inclusive of GST.

Ms McNeil provides consulting services to the Company through EMC. The Company will pay EMC a monthly fee of $10,000 (exclusive of goods and services tax), which is payable monthly in arrears and will be reviewed annually.

Fees charged by EMC for office rental and reimbursable expenses for the year ended 30 June 2014 was $23,476 (2013:$37,578).

Amounts receivable from EMC for the year ended 30 June 2014 was $nil (2013: $2,043).

Amounts payable to EMC for the year ended 30 June 2014 was $5,500 (2013: $nil).

NOTE 18 RELATED PARTY TRANSACTIONS (CONTINUED)

Frontier Resources Limited

Frontier Resources Limited and its controlled entity Frontier Copper PNG Limited ("Frontier Group") is related to the Company under AASB 124 para9(b)(vi). The Company and Frontier Group have entered into an exploration services agreement whereby Frontier Group and the Company provide services to each other due to the logistical issues operating in Papua New Guinea. If either Company provides services to or pays for goods for the other Company, the service provider may charge a 10% management fee.

On 4 December 2012, the Company signed a Head of agreement with Frontier Resources Limited to commence a 50/50 joint venture on the island of New Britain tenements where exploration will be funded by pro-rata (50/50) contributions. The tenements are Aria River, Whiteman Range and Gasmata. On 18 February 2014, the Company terminated the 50/50 contributing Joint Venture with Frontier Resources Ltd.

Amounts charged by Frontier Group for the year ended 30 June 2014 was $31,063 (2013:$137,332):

- $23,844 (2013 :$137,332) of which was for the repayment of capital items purchased from Frontier Group and on behalf of the consolidated entity, and for the reimbursements of wage payments to Frontier Group of which $7,218 (2013: $66,493) was wages paid to Moira McNeil, a related party of Paige McNeil

Amounts payable to Frontier Group at 30 June 2014 was $917 (2013: $4,548).

Amounts receivable from Frontier Group for the year ended 30 June 2014 was $1,839 (2013: $13,582).

Wolfstar Group Pty Ltd and Wolfstar Corporate Management Pty Ltd

Jay Stephenson is also a Director of Wolfstar Corporate Management ("WCM"). WCM provides accounting and company secretarial services to the Company for $6,000 per month.

Fees charged by WCM for the year ended 30 June 2014 was $72,600 (2013:$79,200). Amounts are inclusive of GST. No fees were payable to WCM at 30 June 2014 (2013: nil).

There were no other transactions or balances with other related parties including Director of related entities during the year.

NOTE 19 SEGMENT INFORMATION

Identification of reportable segments

The Group operates predominantly in the mining industry. This comprises exploration and evaluation of gold, copper and base metals projects. Inter-segment transactions are priced at cost to the Group.

The Group has identified its operating segments based on the internal reports that are to be provided to the Board of Directors on a monthly basis. Management has identified the operating segment based on the principal location of its projects –Papua New Guinea.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Cash and cash equivalents are reported in the corporate segment.

NOTE 19 SEGMENT INFORMATION (CONTINUED)

For the year ended 30 June 2014	**Papua New Guinea Exploration**	**Corporate**	**Total**
	$	**$**	**$**
Segment revenue	63,169	2,552	65,721
Segment results	(7,836,967)	(323,860)	(8,160,828)
Loss before tax			(8,160,827)
For the year ended 30 June 2014			
As at 30 June 2014			
Segment assets	48,416	42,844	91,260
Segment liabilities	79,640	78,416	158,056
For the year ended 30 June 2013			
Segment revenue	75,638	23,724	99,362
Segment results	(464,269)	(1,097,669)	(1,561,938)
Loss before tax			(1,561,938)
For the year ended 30 June 2013			
As at 30 June 2013			
Segment assets	6,505,578	2,570,285	9,075,863
Segment liabilities	111,219	71,928	183,147

NOTE 20 EARNINGS/(LOSS) PER SHARE ("EPS")

	2014	**2013**
	$	**$**
Loss used in calculating basic earnings/(loss) per share is the loss attributable to members of Quintessential Resources Ltd.	(7,575,652)	(1,518,504)
Weighted average number of shares used in the calculation of basic EPS.	103,208,630	64,437,649
The number of potential ordinary shares relating to options not exercised at the end of the year/period. These potential ordinary shares are anti-dilutive in both years and so have not been included in the EPS calculations.	15,850,000	15,850,000
Basic and diluted (loss) per share (cents)	(7.34)	(2.36)

NOTE 21 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditors of the Group, their related practices and non-related audit firms.

Assurance services		
1. Audit services		
BDO Audit (WA) Pty Ltd	16,705	39,161
Moore Stephens	23,050	
Total remuneration for audit services	39,755	39,161
2. Tax services		
BDO Tax (WA) Pty Ltd	-	16,046
Moore Stephens	5,500	-
Total remuneration for tax services	5,500	16,046

NOTE 22 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of operating loss after income tax to the net cash flow from operations:	2014	2013
	$	$
Operating loss after income tax	(8,160,827)	(1,561,938)
Adjustment for non-cash items:		
- Share-based payment expense	-	3,250
- Other non-cash adjustment	2,216	-
- Depreciation	109,717	239,750
- Amortisation	1,311	1,426
- Loss on disposal of asset	5,422	12,709
- Impairment on plant and equipment	84,501	663,565
- Exploration expenditure written off	7,578,923	-
- Net exchange differences	(14,733)	(118,435)
Change in operating assets and liabilities, net of purchase of controlled entity:		
- Trade and other payables	11,027	(455,706)
- Provisions	(13,766)	(24,020)
- Trade and other receivables and prepayment	56,503	55,710
Net cash outflow from operating activities	(339,706)	(1,183,689)

NOTE 23: PARENT ENTITY DISCLOSURES

(a) Financial position of Quintessential Resources Ltd

ASSETS		
Current assets		
Cash and cash equivalents	28,949	145,475
Trade and other receivables	6,111	40,157
Other assets	292	15,596
Loan to subsidiary	5,108,957	4,904,278
Total current assets	5,144,329	5,105,506
Non-current assets		
Plant and equipment	7,493	14,172
Investment	118,474	2,103,688
Total non-current assets	125,967	2,117,860
Total assets	5,270,276	7,223,366
LIABILITIES		
Current liabilities		
Trade and other payables	78,416	71,928
Total current liabilities	78,416	71,928
Total liabilities	78,416	71,928
Net assets	5,191,860	7,151,438

NOTE 23: PARENT ENTITY DISCLOSURES (CONTINUED)

Equity	2014	2013
	$	$
Issued capital	12,281,777	11,932,280
Options reserve	440,400	440,400
Accumulated losses	(7,530,317)	(5,221,242)
Total equity	5,191,860	7,151,438

(b) Financial performance of Quintessential Resources Ltd

Loss for the year	(323,860)	(1,103,169)
Other comprehensive income	-	-
Total comprehensive loss for the year	(323,860)	(1,103,169)

(c) Guarantees entered into by Quintessential Resources Ltd for the debts of its subsidiary

There are no guarantees entered into by Quintessential Resources Ltd for the debts of its subsidiary as at 30 June 2014 (2013: nil).

(d) Contingent liabilities of Quintessential Resources Ltd

There are no contingent liabilities as at 30 June 2014.

(e) Commitments Quintessential Resources Ltd

Exploration Expenditure Commitments

There are no commitments as at 30 June 2014 (2013: $nil).

NOTE 24 SUBSIDIARY

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding			
			2014	$	2013	$
Quintessential Resources (PNG) Ltd	Papua New Guinea	Ordinary	90%	2,103,688	90%	2,103,688

NOTE 25 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, 316,500 ordinary shares were issued to Mr Jay Stephenson in lieu of his remuneration owed by the Company.

During the year, the Company has identified that there are tenements where no exploration program can be justified at this time therefore capitalised expenditure allocated to these tenements was written off in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources'. The Board has reviewed the contemplated impairment of $7,578,923 during the current year in the Statement of Profit or Loss and Other Comprehensive Income and approved it.

NOTE 26 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2014.

NOTE 27 DIVIDENDS

There were no dividends paid or recommended during the year ended 30 June 2014.

NOTE 28 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 24 July 2014, the Company signed an agreement to acquire 100% of the issued capital of the global technology incubation company Yonder & Beyond Ltd ("Y&B"). In consideration for the acquisition, the Company will issue:

(a) 569,548,872 fully paid ordinary shares in the capital of QRL ("shares") (on a pre-consolidation basis) to shareholders of Y&B for the acquisition of 100% of their shares;
(b) 1,500,000 options exercisable at $0.20 within 3 years of the date of issue (post-consolidation basis) to advisors of Y&B (Advisor Options") that currently hold identical options in Y&B. The advisors options are being issued as a like for like swap of the options in Y&B held by the Y&B advisors.
(c) 35,000,000 options to acquire shares , separated into three tranches to key management of Y&B. The Management Options will be issued on a post consolidation basis on identical terms to incentive management options currently held by the key management of Y&B
(d) 5,500,000 unlisted options exercisable at $0.20 within 3 years of the date of issue at a subscription price of $0.0001 per option (post consolidation basis), as follows:
   - 2,250,000 options to advisors assisting with Post-Consolidation Capital Raising;
   - 2,250,000 options as an introduction fee for the acquisition of Y&B; and
   - 1,000,000 options as consultancy fees

The acquisition of Y&B will result in significant change to the nature and scale of the Company's main business and is conditional on shareholder and all necessary regulatory approvals being obtained and completion of due diligence procedures by the Board. The transaction is also subject to successful completion of a capital raising of up to $8 million which Foster Stockbroking and Taylor Collinson have been appointed Joint Lead Manager. The transaction will also be subject to the company completing Chapters 1 & 2 of the ASX Listing Rules and re-admission to the official list of the ASX.'

On 30 July 2014, Mr. Jay Stephenson has been appointed as Company secretary.

On 7 August 2014, the Company announced non-renounceable entitlement issue of fully paid ordinary shares up to 31,403,262 at 1 cent per share on the basis of one (1) new share for every four (4) shares held. Subsequently on 22 August 2014, only 23,618,074 shares validly applied and raise up to $314,033.

On 8 August 2014, the Company entered into subscription agreements to place 18,842,000 shares at 1 cent per share to raise $188,420. The funds will be used for working capital purposes and expenses associated with the acquisition of Yonder and Beyond.

On 5 September 2014, the Company completed the shortfall via a placement of 7,785,245 ordinary shares following the recent non-renounceable entitlement issue of 31,403,262 new shares at an issue price of 1 cent per share.

There are no other matters arising subsequent to the end of the reporting date.

DIRECTORS' DECLARATION

In the Directors' opinion:

a. The attached financial statements, and accompanying notes, are in accordance with the *Corporations Act 2001* including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001,* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date, and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s.295(5) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Jay Stephenson
Chairman

30 September 2014

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF QUINTESSENTIAL RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Quintessential Resources Ltd (the "company") and its' controlled entities (the "consolidated entity" or "group") which comprises the consolidated statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Quintessential Resources Ltd would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a) the financial report of Quintessential Resources Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:

  i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the period ended on that date; and

  ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, we draw attention to note 1 of the financial statements which states that the financial statements have been prepared on a going concern basis. Whilst the Company currently has adequate resources in the short term, its ability to continue as a going concern for at least the next 12 months will require it to undertake further capital raising during this period. Based on prior experience, the directors of the Company are confident of obtaining the necessary shareholder support if and when required. Notwithstanding this there is significant uncertainty as to whether the Company will continue as a going concern for a minimum period of the next 12 months. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business at amounts other than as stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Quintessential Resources for the period ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Neil Pace

MOORE STEPHENS

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of September 2014

SCHEDULE OF TENEMENTS

EL No	Tenement	Ownership
EL1727	Bismarck	Quintessential Resources PNG Limited owns 90% Exploration & Management Consultants Pty Ltd owns 10%
ELA 2162	M'Sende	Quintessential Resources PNG Limited owns 100%

SHAREHOLDER INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES AS AT 24 SEPTEMBER 2014

a) Distribution of Shareholders

Size of Holding	Number of Shareholders
1 – 1,000	43
1,001 – 5,000	32
5,001 – 10,000	52
10,001 – 100,000	221
100,001 and over	170
	518

b) Number of holders of less than marketable parcels 213

c) Percentage holding of 20 largest holders 52.98%

d) There is 1 substantial shareholders listed in the Company's register as at 27 September 2014.

e) Twenty largest shareholders as at 24 September 2014.

Rank	Shareholders	Quantity	% Total Holding
1.	Paige McNeil	9,656,438	5.49
2.	Exploration & Management Consultants Pty Ltd <The Malalo Super Fund A/C>	7,996,145	4.55
3.	Dejul Trading Pty Ltd <Eddington Trading A/C>	7,825,550	4.45
4.	Frontier Resources Limited	7,450,015	4.24
5.	Turnquest Investments Limited	6,537,701	3.72
6.	Taycol Investments Limited	6,512,500	3.70
7.	Wobbly Investments Pty Ltd	6,495,824	3.69
8.	Cheval Holdings Pty Ltd	6,157,078	3.50
9.	Mr Dirk Seret + Mr Derek Seret + Mr Nicolaas Seret <Toptec Super No 3 A/C>	5,250,000	2.99
10.	Exploration & Management Consultants Pty Ltd	5,000,000	2.84
11.	Mr Robert Jesse Hung	4,427,948	2.52
12.	MGL Corp Pty Ltd	3,000,000	1.71
13.	Ms Marnie Jane Eddington <G & K Family A/C>	2,605,389	1.48
14.	Mr Dirk Seret + Mr Derek Seret + Mr Nicolaas Seret <Toptec Super No 2 A/C>	2,500,000	1.42
15.	Mr Mark Bevan Tilbrook	2,500,000	1.42
16.	Merrill Lynch (Australia) Nominees Pty Limited	2,000,000	1.14
17.	Mr Mark Teti	2,000,000	1.14
18.	Mr Jeremy Ferguson	1,888,767	1.07
19.	Paul Lowry & Associates Pty Ltd	1,750,000	1.00
20.	Mr Mark White <Walker Flat A/C>	1,625,000	0.92
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**93,178,355**	**52.98**

f) Voting Rights

Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

STATEMENT OF UNQUOTED SECURITIES (OPTIONS) AS AT 24 SEPTEMBER 2014

There are on issue the following unquoted securities:-

	Quantity
Non-transferable options expiring 31 December 2014 exercisable at 20 cents	10,000,000
Non-transferable unlisted Employee options expiring 31st October 2015 exercisable at 14 cents	3,250,000
Non-transferable options expiring 30 July 2015 exercisable at 37 cents	2,000,000
Non-transferable options expiring 4 April 2015 exercisable at 36 cents	600,000